

THE SECURITIES ACT

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Order No. 3474

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Section 20

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August 31, 2001

QTRADE CANADA INC.

(A) Qtrade Canada Inc. ("Qtrade") has applied to The Manitoba Securities Commission for an order under section 20(1) of the *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") that intended trades of stock options to purchase common shares of Qtrade (the "Options") to a credit union are exempt from the requirements of sections 6 and 37 of the Act;

(B) It has been represented to the Commission that:

1. Qtrade was incorporated under the *Canada Business Corporations Act* on May 6, 1999, and its head office is in British Columbia.
2. Qtrade is not a reporting issuer under the Act or under the securities legislation of any other jurisdiction.
3. Qtrade's articles of incorporation provide that, so long as Qtrade is not a reporting corporation, no shares or options of Qtrade may be transferred without the approval of Qtrade's board of directors, and all of the share and option certificates evidencing the issued and outstanding shares and options so indicate.
4. Qtrade owns all of the issued and outstanding shares of Qtrade Investor Inc. ("Qtrade Investor"), an Internet-based provider of retail discount brokerage services. Qtrade also maintains a proprietary securities trading platform and website which is used by Qtrade Investor in conducting its operations.
5. Qtrade Investor is a member of the Investment Dealers Association of Canada and the Canadian Investor Protection Fund and is registered as an investment dealer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
6. From time to time Qtrade and Qtrade Investor enter into agreements with financial institutions pursuant to which Qtrade Investor provides online discount brokerage services to the customers of such institutions.
7. Under certain of these agreements, Qtrade has agreed to grant Options to the financial institution based on the number of customers of the financial institution who become customers of Qtrade Investor. Certain of these agreements also provides for the grant of a fixed number of Options on execution. Each of the agreements provides that the grant and issuance of Options thereunder is subject

to discretionary relief from applicable prospectus and registration requirements where necessary.

8. The agreements contemplating the issuance of Options have been entered into with financial institutions in the provinces of B.C., Alberta, Saskatchewan, Manitoba and Ontario. These consist, in the case of Manitoba, of financial institutions or other institutional purchasers exempted under the provisions of section 19(1)(c) of the Act, or a credit union as defined in the Act, and in the case of Alberta, Saskatchewan, Manitoba and Ontario, of financial institutions, credit unions and other institutional purchasers exempted under the equivalent provisions of the applicable securities legislation of Alberta, Saskatchewan, Manitoba and Ontario.

9. The issuance of Options to Manitoba credit unions is not exempt from the registration and prospectus requirements of the Manitoba Act because credit unions are not among the listed exempt financial institutions in sections 19(1)(c) and 58(1)(a) thereof.

10. All certificates representing Options and underlying common shares issued pursuant to the decision sought herein will contain a legend stating that the common shares may not be transferred without the approval of Qtrade's board of directors.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. **THAT**, under subsection 20(1) of the Act, that intended trades in Options of Qtrade to credit unions is exempt from the requirements of sections 6 and 37 of the Act.

2. **THAT** the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Deputy Director – Legal